

Message Text

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15

ACTION IO-14

INFO OCT-01 EA-11 NEA-10 ISO-00 OIC-04 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 FEA-02 OMB-01 SWF-02 DRC-01 /194 W

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P R 280415Z MAR 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC PRIORITY 0000

INFO AMEMBASSY BANGKOK

USUN NEW YORK 317

UNCLAS COLOMBO 829

EO 11652: N/A

TAGS: ECAFE, OCON

SUBJ: ECAFE: 30TH PLENARY OPENING SESSION: CALL FOR WORLD
FERTILIZER FUND

1. SUMMARY: ECAFE PLENARY SESSION OPENED AMID SOMBER COMMENTS ABOUT REGIONS ECONOMIC SITUATION. HIGHLIGHT OF FIRST MORNING WAS PROPOSAL BY SRI LANKA PRIME MINISTER THAT WORLD FERTILIZER FUND BE ESTABLISHED BASED LARGELY ON FINANCING BY COUNTRIES BENEFITTING FROM CURRENT PRICE INCREASES FOR OIL AND OTHER GOODS. END SUMMARY.

2. 30THPLENARY SESSION OF UNITED NATIONS ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST (ECAFE) OPENED MARCH 27 WITH USUAL POMP AND POLITENESS IN COLOMBO. SESSION IS BEING HELD IN IMPRESSIVE CONFERENCE HALL GIVEN SRI LANKA BY PRC.

3. BENEATH FORMALITY OF OCCASION WAS RECURRENT THEME OF PESSIMISM ABOUT CURENT REGIONAL ECONOMIC SITUATION AND RESULT-
ING NEED FOR IMMEDIATE ACTION TO FIND HELP.

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4. MAJOR ADDRESS FOR OCCASION WAS GIVEN BY SRI LANKA PRIME MINISTER, MRS SIRIMAVO BANDARANAIKE. SHE LAUNCHED ECAFE'S MEETING ON A SOMBER NOTE OF "UNPRECEDENTED ECONOMIC CRISIS". AFFECTING SRI LANKA AND MOST COUNTRIES OF THE REGION. SHE REFERRED TO RISING PRICES FOR MANY NEEDED IMPORTED COMMODITIES, INTERNATIONAL ECONOMIC INSTABILITY, MASS POVERTY AND UNEMPLOYMENT. HER MAIN EMPHASIS, HOWEVER, WAS ON WORLD FOOD PROBLEM. SHE POINTED OUT THAT WITH DEPLETION OF WORLD FOOD RESERVES, A NATURAL CALAMITY IN SOME PARTS OF WORLD COULD PUSH MANY COUNTRIES OVER BRINK OF STARVATION. INCREASED FOOD PRODUCTION WOULD MEAN INCREASED INCOMES TO PEOPLE AND A MAJOR CONTRIBUTION TO STEM WORLDWIDE INFLATION. BUT MOST IMPORTANTLY SHE CALLED FOR ASSURED FOOD SUPPLIES AS BASIC RIGHT OF ALL INDIVIDUALS AND FIRST STEP TO MAINTAIN HUMAN DIGNITY.

5. MRS BANDARANAIKE PROPOSED INTERNATIONAL ACTION "HERE AND NOW" AND URGED THAT FOOD BE TAKEN OUT OF WORLD POLITICS. SHE PUT FORWARD A SPECIFIC PROPOSAL FOR ESTABLISHMENT OF A WORLD FERTILIZER FUND. IN HER OUTLINE, THE FUND WOULD FINANCE PRICE REBATES ON INFLATED FERTILIZER PRICES TO BE SOLD TO DEVELOPING COUNTRIES, WOULD ASSURE FERTILIZER SUPPLIES TO LDC'S BY BLOCK PURCHASES AND WOULD FINANCE INVESTMENT IN NEW CAPACITY. FUND TO BE FINANCED PARTLY BY COUNTRIES WHICH GAINED SO MUCH RECENTLY IN EXPORT REVENUES, I.E. OIL EXPORTERS (SHE REFERRED TWICE TO OIL EXPORTERS AS THOSE WHO SHOULD PAY), BUT ALSO BY ALL COUNTRIES THROUGH IMPOSING SMALL TAX (ONE HALF OF ONE PERCENT) ON EXPORT INCOME.

6. MRS BANDARANAIKE PROPOSED THESE IDEAS RECOGNIZING THAT THEY MAY BE MODIFIED BY EXPERTS, BUT SHE WAS EMPHATIC IN HER CLAIM OF SEVERE CRISIS AND THE URGENCY OF INTERNATIONAL ACTION.

7. ONLY ITEM OF POLITICAL DISCORD IN OPENING SESSION WAS VERY GENERAL REFERENCE BY PRC DELEGATE TO HIS VIEW THAT REGIONS ECONOMIC PROBLEMS ARE RESULT OF "IMPERIALISM AND PLUNDER". HE CONGRATULATED SRI LANKA ON ITS PROGRESS IN MOVING AWAY FROM IMPERIALISM AND IN MAKING INDIAN OCEAN UNCLASSIFIED

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AN "AREA OF PEACE".

8. T. B. SUBASINGHE, SRI LANKA MINISTER OF INDUSTRIES AND SCIENTIFIC AFFAIRS, WAS ELECTED CONFERENCE CHAIRMAN. VAN HOLLEN

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